Whitney Hatch
Vice President
Regulatory Affairs

GTE

GTE Service Corporation

1850 M Street, N.W., Suite 1200
Washington, D.C. 20036-5801
202 463-5290
Fax: 202 463-5239

EX PARTE OR LATE FILED

April 29, 1998

DOCKET FILE COPY ORIGINAL

RECEIVED

APR 29 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie R. Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

EX PARTE: Local Number Portability - CC Docket No. 95-116

Dear Ms. Salas:

Today the undersigned had telephone discussions with Tom Power of Chairman Kennard's office, Jim Casserly of Commissioner Ness' office, Paul Gallant of Commissioner Tristani's office and with Kyle Dixon of Commissioner Powell's office to discuss issues regarding the recovery of local number portability (LNP) costs on an MSA basis. The following items were presented by GTE in each of these discussions.

- GTE's long-standing position in this proceeding has been to advocate industry-wide pooling as the competitively-neutral manner by which carriers should be permitted to recover LNP costs.

- GTE's costs of implementing number portability are relatively higher on per-line basis than most of the other mandatory LNP local exchange companies due in part to the fact that GTE serves 28 states, serves 59 of the top 100 MSAs, and the smaller size and relative lower density of GTE's central offices as compared to other mandatory LNP carriers, among other factors already submitted in the record of this proceeding.

- Assuming a per-line recovery mechanism is permitted by the Commission, the smaller the base of lines (per switch converted) from which GTE is permitted to recover these costs, the greater will be the disparity between GTE's "per-line" rate and other carriers' rates. This has been amply demonstrated for the Commission in ex parte letters filed by the LEC LNP Coalition on February 25, 1998, March 16, 1998 and April 27, 1998. If these LECs are permitted to recover these LNP costs from all lines across their systems, the range in per-line rates is $0.53 to $0.60 per line per month, with GTE's rate falling at the upper end of the range. If carriers are limited initially to recover LNP costs only in MSAs where LNP has been made available, the range increases to $0.57 to $1.12 per line per month, again with GTE at the top of the range.

Od1

- GTE has consistently maintained throughout this proceeding that the "competitive neutrality" standard contained in Section 251(e)(2) should be determined in terms of the effect of the cost recovery mechanism on the marketplace and on competitors, namely in terms of price. If the base of loops (switching ports) over which the charge is applied is narrowed and GTE's per line LNP charge increases, GTE maintains that the Commission is considering cost recovery mechanisms which are decidedly not competitively neutral.

- Adopting a recovery mechanism which exacerbates the difference between GTE's LNP rate and that of neighboring LECs places GTE at a competitive disadvantage as LECs increasingly market their local services to GTE's customers. As long as a competitor utilizes the ILECs' switch ports and ILECs' LNP capabilities, the ILEC should allowed to charge the LNP per-month charge. Thus, the Commission should permit the ILEC to assess the LNP charge when the CLEC obtains switching functionality from the ILEC using an unbundled switch port. Also, if GTE is not permitted to recover its LNP costs on all loops (those for which it provides the switch-related LNP capabilities), it will be placed at further significant competitive disadvantage should the Commission choose to opt for permitting recovery across LNP-capable MSAs instead on all carrier loops.

Absent pooling across all carriers, or recovery of these costs across all of GTE's loops throughout the country which at least would narrow the disparity between GTE and the RBOCs' per line rates, GTE believes the Commission must adopt in its order the following provisions in order to reduce the competitive asymmetry inherent in an MSA recovery context:

1) Per line LNP charges must be assessed on all loops where the ILEC provides the switch-related LNP capabilities. This includes resold lines (which include switching) and unbundled switch ports;

2) GTE must be permitted to set a single rate across all of its states, averaging the "lumpy" LNP costs across both its less dense and its relatively more dense areas in the same manner as currently permitted by the existing large RBOC tariff entities;

3) GTE must be permitted to recover the significant additional billing costs (estimated at $30 million) which we would expect to incur if the Commission chooses to adopt an MSA-based recovery mechanism. GTE has no other business reasons for making the changes to its billing system that this MSA-based recovery mechanism would require; and

4) The Commission should provide GTE with the opportunity to justify, on the basis of the Act's competitive neutrality provisions, why GTE should be permitted to recover its LNP costs from all customers/loops, on a nationwide basis. The MSA-based LNP cost recovery solution uniquely harms GTE relative to other large carriers.

Please incorporate this information into the record of the above-captioned proceeding. In accordance with Section 1.1206(b)(1) of the Commission's Rules, two copies of this notice are being filed with the Secretary of the FCC.

Please call me if you have any questions.

Sincerely,

Whitney Hatch

c: J. Casserly
K. Dixon
P. Gallant
P. Misener
T. Power
P. Donovan